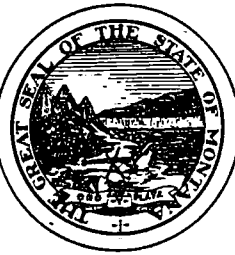


## EXHIBIT 9

August 31, 1994 Bond Release Finding, Montana Department of State  
Lands

## DEPARTMENT OF STATE LANDS



MARC RACICOT, GOVERNOR

P.O. BOX 201601

## STATE OF MONTANA

(406) 444-2074

1625 ELEVENTH AVENUE  
HELENA, MONTANA 59620-1601**Bond Release Finding  
August 31, 1994****W.R. Grace & Co.  
Zonolite Mine  
Libby, MT  
OP #00010**

W.R. Grace requested bond release at their Zonolite Mine located near Libby, Montana, January 20, 1994. Disturbed acres total about 750 acres in a permit boundary that originally totaled 1,200 acres (See attached map titled "1994 Bond Release Request" submitted by W.R. Grace on August 18, 1994).

**History**

The permit boundary encompassed 1,200 acres when permit 00010 was issued in 1972. Fifteen acres were reclaimed and bond was released August 24, 1988. A total of 450 acres were never disturbed. Approximately 160 acres of the permit area will be transferred from the DSL operating permit, (see area labelled "Undisturbed or Reclaimed Areas and DNRC, Dam Safety Section Management Area" on the August 18, 1994, revised Bond Release Request map), to the Department of Natural Resources and Conservation (DNRC). This 160-acre portion of the area will be regulated in an operating permit under the authority of the Dam Safety Section, who regulate the Montana Dam Safety Act (Title 85, Chapter 15, Section 101.502, MCA).

**Proposed Bond Release**

W.R. Grace proposed bond release from the area to be transferred to DNRC. This 160-acre area includes the tailings impoundment and its associated inlet and outlet structures. The tailings impoundment area requires an operating permit from DNRC because it is a high hazard facility. In the February 10, 1994 annual report, W.R. Grace indicated that an emergency action plan has been written and approved by the local Sheriff and Disaster Coordinator. Concurrent with the area's removal from DSL's Operating Permit 00010, the Dam Safety Section will issue its permit. DNRC contacted DSL on September 13, 1994, and indicated they are ready to issue an operating permit (Gary Fisher, DNRC, personal communication.)

W.R. Grace also proposed bond release for the remaining 1,025 acres. All disturbed acres in the 1,025-acre permit boundary have been reclaimed by:

- removing all surface and subsurface structures,
- terracing the waste rock dumps,
- eliminating the stair step mine benches where practicable,
- scarifying the remaining mine benches and roadways,
- covering all exposed concrete,
- controlling erosion on coarse tailings waste dump,
- controlling erosion on mine area,
- planting deciduous trees on slopes of mine waste dumps as well as coarse tailings dump,
- planting conifers on slope of the coarse tailings dump and other areas,
- hydroseeding all disturbed areas, and
- weed control.

Activities at the mine ceased in 1990, closure was initiated, and this work was reported complete in January 1994.

#### **Inspection Summary**

DSL has inspected the mine several times since closure was initiated in 1990. The most recent inspections were made on July 12, 1993, July 27, 1993, and September 12, 1993. Following the request for bond release in January 1994, DSL conducted two inspections: April 25, 1994, and June 9, 1994. As a part of the last bond release inspection, DSL also reviewed stipulations attached to permit and amendment approvals. All stipulations have been fulfilled by W.R. Grace.

#### **Findings**

W.R. Grace has exceeded the requirements in the 1972 Reclamation Plan approved with Operating Permit 00010. As a result of the review of permit requirements and field inspections of reclamation progress (see attached memo of September 13 from P. Plantenberg) to date, a final bond determination has also been completed. As a result of the inspections conducted, DSL determined that:

- 1) all closure plans for the 160-acre area being transferred to DNRC have been appropriately and completely implemented,
- 2) all structures had been removed from the remaining 1,025-acre permit area,
- 3) waste rock dumps, pit areas, and tailings have been reclaimed consistent with permit 00010. Activities completed include grading, scarifying, soiling, seeding, and tree planting,

- 4) erosion control and weed control have been implemented on reclaimed areas, and
- 5) revegetation, erosion and weed control appear to be successful based on both monitoring and inspections conducted since 1992, when the above activities were completed. However, weed and erosion control need to continue until at least 1996. Miscellaneous debris was overlooked and still needs to be cleaned up.

Therefore, bond will be released for completion of these activities and for the area to be transferred to DNRC. Bond will be retained for the remaining 1,025 permitted acres to continue reclamation monitoring and maintenance. Bond monies will be retained specifically for: revegetation and weed control; site grading, surface water management and erosion control; and debris clean-up as listed below. This bond is calculated for a two-year period, and all estimates are made using information contained in the existing operating permit and associated amendments as well as field inspection reports. However, the permittee is still responsible until the final bond is released.

Bond Currently Held by DSL: \$467,242

Bond Release for Activities to date as listed above: \$400,542

Bond Retained for Future Use:

<u>Activity</u>	<u>Assumptions</u>	<u>Cost</u>
Revegetation & Weed Control	5 Ac/yr @ \$1200/Ac	\$12,000 \$6,000
Site Grading Surface Water Management Erosion Control	D-8, grader, back-hoe channel construction	\$20,000 \$10,000
Debris Clean-up	Flatbed truck	<u>\$10,000</u>
Sub-total		\$58,000
Administration @ 15%		<u>\$8,700</u>
<b>TOTAL RECLAMATION BOND</b>		<b>\$66,700</b>

### Conclusion

Reclamation of disturbed areas has been completed. Revegetation, plant and soil succession and wildlife habitat use has been observed. The site is in the process of developing comparable stability and utility. Most of the reclamation bond can be released.

Public notices of the proposed bond release were published on January 19 and 26 and February 2, 1994 in the Western News, Libby, MT. No comments were received.

Potential impacts from tailings impoundment failure in the future are being addressed by an operating permit issued by the DNRC, Dam Safety Section. These permits must be renewed every 5 years. W.R. Grace has applied and DSS is ready to issue the permit.

Potential historic water quality issues are being evaluated by the DHES, Water Quality Division. Monitoring of tailing impoundment seepage is ongoing. Based on recent changes in water quality law and policy, WQD will determine whether this seepage from creek waters collected in impoundment underdrains must be incorporated into a discharge permit.

HARDROCK  
RECLAMATION BOND RELEASE  
(or savings certificate assignment)

Department of State Lands  
PO Box 201601  
Helena, MT 59620-1601  
Phone (406) 444-2074

Operating Permit No. 00010 Mineral Vermiculite

Bond No. 14-33-29 Covering 1200 acres. Public Notice Date: 1/19/94, 1/26/94, 2/2/94

Hearing Date: \_\_\_\_\_ Company Name: WR Grace & Company

Address: PO Box 609, Libby, MT 59923-0609

Please be advised that pursuant to Title 82, Chapter 4, Part 3 MCA, your bond release request dated 1/20/94 and a field inspection on 6/9/94, the reclamation bond is hereby reduced and/or released as discussed below and as pictured on the map dated 8/19/94, titled "1994 Bond Release Request" and attached.

1. BOND RELEASE on \_\_\_\_\_ ACRES NOT DISTURBED is made in the amount of \$ \_\_\_\_\_ leaving a total bond of \$ \_\_\_\_\_ on the remaining \_\_\_\_\_ ACRE(S) of this permit.
2. PARTIAL BOND RELEASE on 1185 ACRES in the amount of \$ 400,542 is made for COMPLETED AND DEPARTMENT APPROVED reclamation regarding (see inspection report 6/9/94) and any other relevant bonded and unreclaimed mining disturbance. The remaining bond of \$ 66,700 is held on 1025 ACRES to provide for adequate reclamation specifically regarding (see attached bond release finding).
3. A ONE HUNDRED PERCENT (100%) bond release is being made in the amount of \$ \_\_\_\_\_ for the following reason(s): \_\_\_\_\_
4. OTHER: \_\_\_\_\_

NAME OF BONDING COMPANY (if Surety Bond): Seaboard Surety Company

ADDRESS: Fred S. James & Company, PO Box 4386, Missoula, MT 59806

I HEREBY CERTIFY THAT THE STATEMENTS ABOVE ARE TRUE TO THE BEST OF MY KNOWLEDGE.

Signed: Peter Weiner Inspector

Approved: Lynnda Olsen Bureau Chief

Approved: Gary Fischer Administrator

Date: September 13, 1994

(Original for the files, 1 copy to operator, 1 copy to bonding company)

cc: Gary Fischer, DNRC, DSS